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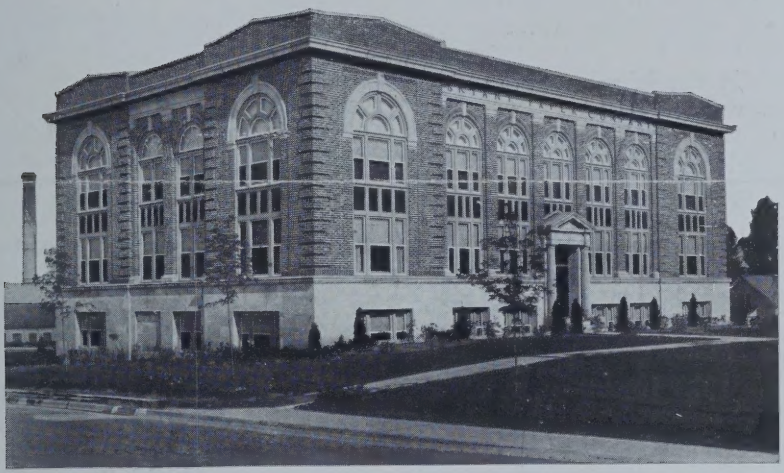
1928

Bryant Paper Company



ANNUAL REPORT

1928

Printed on Bryant's Superfine Enamel

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Condensed Statement---Bryant Paper Company

DECEMBER 31, 1928

ASSETS

Cash on Hand and in Banks	$ 48,260.59		
Notes and Accounts Receivable	1,678,462.63		
Inventories	1,431,461.04	$3,158,184.26	
Sinking Fund—Series B Bonds		16,600.00	
Capital Stock of Other Corporations	1,260,500.00		
Land Contracts Receivable (Employee's Homes)	22,222.72		
Cash Surrender Value Life Insurance	20,094.00		
Real Estate not Used in Operations	23,552.55	1,326.369.27	
Land, Wells, Ponds, and Land Improvements	154,090.55		
Buildings, Machinery and Equipment, Depreciated	4,568.757.11		
Uncompleted Work Orders in Process	119,663.48	4,842,511.14	
Miscellaneous Deferred Assets		137,511.66	$9,481,176.33

LIABILITIES

Accounts Payable, Local Taxes, Accrued Wages	$ 486,500.73		
Accrued Liability Insurance and Interest on Bonds	13,418.11		
Dividend Payable Jan. 1, 1929	25,000.00		
Estimated Federal Income Tax	35,500.00	$ 560,418.84	
Bonded Indebtednes, Series A	1,173,000.00		
Bonded Indebtedness, Series B	983,400.00	2,156,400.00	
Reserves for Preferred Stock Dividend	2,100.00		
Reserves for Contingencies	393,194.38	395,294.38	
Unearned Interest		1,172.86	
Preferred Stock—Issued	300,000.00		
Common Stock— Authorized $6,000,000.00			
Less Unissued 1,000,000.00	5,000,000.00	5.300 000.00	
Surplus		1,067,890.25	$9,481,176.33

Sales, Net, to Customers	7,612,124.54	
Cost of Sales	6,963,731.46	
Manufacturing Profit	648 393.08	
Expenses	234,982.99	
Operating Profit	413,410.09	
Other Deductions, Bond Interest, etc. $153,593.32		
Other Income Interest, Dividends, etc. 65,595.73	87,997.59	
Profit before Federal Income Tax	325,412.50	

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Kalamazoo, Michigan
February 9, 1929

This printed report of the affairs of your Company includes the financial statement, and explanations of some of the items and features concerning the operations of the plant.

The statement has been audited by Ernst & Ernst, Certified Public Accountants.

The book value of the Common Stock, according to this statement, is $11.53 per share.

All items in the asset column are conservatively valued.

According to an appraisal, the sound value of the plant is substantially greater than the amount carried on our books.

The item of "Capital Stock of Other Corporations" represents very largely the holdings in the Nashwaak Pulp and Paper Co., Ltd., of St. John, New Brunswick, Canada. A survey of its timber limits indicates that the Pulp Company could possibly write up its woodland value about $1,000,000.00. We own approximately one-half of this Company.

Under Liabilities, there is an item for Contingencies, amounting to $393,194.38 This item was set up to cover an additional Federal Tax liability for the years 1917, 1918, 1919 and 1920. That this reserve is ample is borne out by a final conference with Internal Revenue officials on February 2nd, 1929. We are informed by Counsel that the final assessment will be considerably less than the reserve. The method of computing the tax has been agreed upon and the calculations are now being made. There are no additional tax assessments for years prior or subsequent to the above years.

The book value stated does not take the appraised plant value, the increased timber value, or the reduction in tax liability into consideration.

Stockholders are requested to apply to officials of the Company for any further information they may desire.

The operations of the Company can be best set forth by the tons of paper sold during the past five years:

	Tons Sold	Machines Operated
1924	55,431	79%
1925	61,188	87%
1926	67,964	91%
1927	72,371	83%
1928	77,904	88%

It will be noted that these figures show an increase each year and indicate the potential capacity of the plant made possible by improvements and additions.

Our calculations further indicate that the cost of operations has decreased.

By applying the broad test of using 1924 sales prices and materials costs against 1928 production, we arrive at a figure that would be considered a very satisfactory earning.

If, however, we apply the 1928 figures in the same way to 1924 operations, the resulting figure would show a loss.

In other words; if we had not made improvements, our operations would have shown a loss in 1928.

With the knowledge that the above calculation is not an exact method of accounting, we are convinced that it closely approximates our experience.

This means that the operations have improved and that the decreased earnings are due to market conditions, largely beyond our control.

It is proper, therefore, that we do not ignore the progress that has been made due to the efforts of the personnel.

Expenditures for improvements since first bond issue total	$3,427,776.06
Bonds issued	2,500,000.00
Expenditures in excess of Bonds issued	927,776.06

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Our Engineers' estimates show that we could make a very good return on further expenditures for necessary improvements in the Bryant Division. Consequently the Board of Directors is considering plans for carrying out these recommendations. Every means of reducing productive costs places the Company in a better position, under any condition of the market.

Operations in 1928 indicate that with full production, we can earn slightly more than 6% on our Common Stock at present prices, and that with partial operations earnings decline sharply.

It is too early to determine what 1929 will bring, but the volume of business in January was not satisfactory, which will undoubtedly be reflected in the earnings for that month.

Based on our experience over the past five years, the percentage of operation has averaged 84%, and we see no reason why 1929 should be less.

Under these circumstances, no definite dividend program is advisable or possible. The declaration of dividends is a responsibility of the Board of Directors, and their actions are of necessity guided by the earnings of the Company, and its financial requirements.

It may be deemed advisable by the Board to consider the payment of dividends based on quarterly earnings, instead of monthly, as has been its custom.

We see no radical change in the conditions for the immediate future, and have no basis for attempting a forecast over a longer period.

In the past, the consumption of paper has increased, and it is normal to assume that this will continue. This coupled with the fact that more capital for increased production is not easily attracted to an industry whose earnings are not particularly inviting at this time, may have a tendency to balance more nearly the question of supply and demand.

We have not attempted in this report to cover the details or the various phases of our business, neither do we wish it to be construed in any way as offering advice.

However, it is hoped that the facts which we have stated, and the opinions we have offered, will give you a somewhat clearer understanding of the condition of your Company.

With the statement before you, questions may occur to you, which as previously stated will be answered on application.

Yours sincerely,

FELIX PAGENSTECHER,
President.

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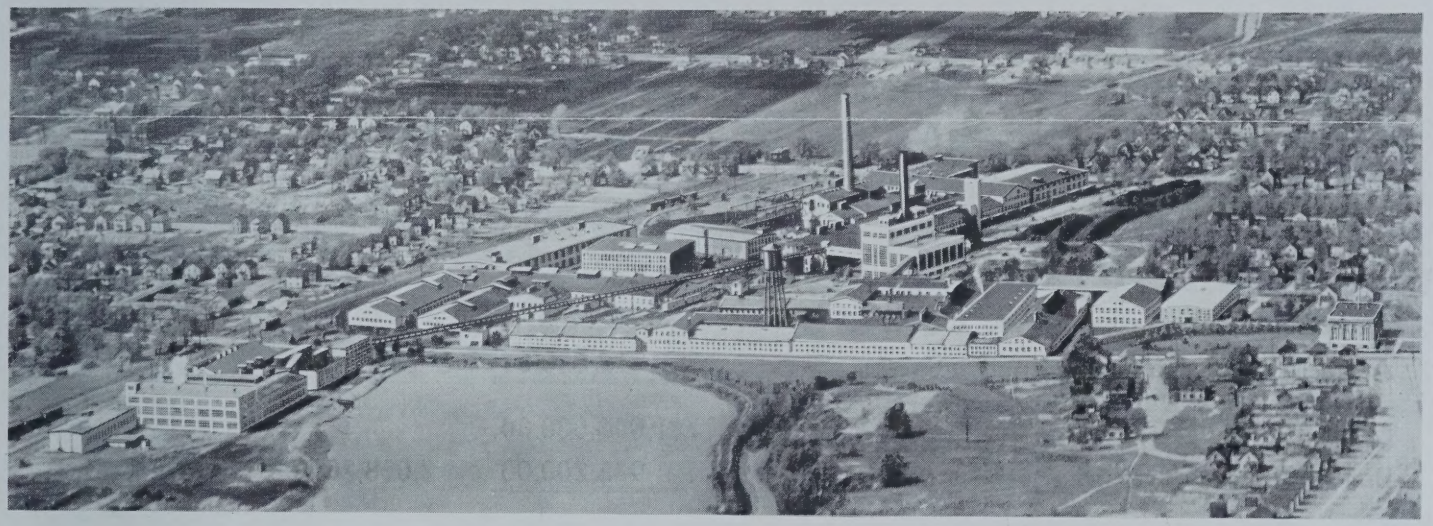
Bryant Paper Company



ANNUAL REPORT

1929

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Condensed Statement---Bryant Paper Company

DECEMBER 31, 1929

ASSETS

Cash on hand and in banks	$ 61,594.62		
Notes and accounts receivable	1,768,552.09		
Inventories	1,168,875.35	$2,999,022.06	
Capital stock of other corporations	$1,260,500.00		
Land contracts receivable (Employes Homes)	16,466.31		
Cash value of life insurance	27,655.00		
Real estate not used in operations	23,420.91	1,328,042.22	
Land, wells, ponds and land improvement	$ 154,090.55		
Buildings, machinery and equipment depreciated	4,679,204.65	4,833,295.20	
Miscellaneous deferred assets		124,991.05	$9,285,350.53

LIABILITIES

Accounts payable, taxes, accrued wages	$ 487,483.50		
Accrued liability, insurance, and interest	12,620.61	$ 500,104.11	
Bonded Indebtedness—Series A	$1,096,000.00		
Bonded Indebtedness—Series B	932,200.00	2,028,200.00	
Reserve for preferred stock dividend	$ 2,100.00		
Reserve for contingencies	291,829.03	293,929.03	
Unearned interest		2,016.28	
Preferred stock issued	$ 300,000.00		
Common stock—			
Authorized	$6,000,000.00		
Less unissued	1,000,000.00	5,000,000.00	5,300.000.00
Surplus		1,161,101.11	$9,285,350.53

Sales net to customers		$6,773,602.92
Cost of sales		6,312,340.79
Manufacturing profit		$ 461,262.13
Expenses		170,483.78
Operating profit		$ 290,778.35
Other deductions, bond discount, etc.	$147,325.51	
Other income, interest received, etc.	49,868.70	97,456.81
Profit before Federal Income Tax		$ 193,321.54

Profit before Federal Taxes:	
1st quarter (Loss)	$—15,125.81
2nd quarter	23,604.17
3rd quarter	63,949.69
4th quarter	120,893.49
Year	$193,321.54

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We are pleased to report to the Stockholders that the plant and organization of the Bryant Paper Company are in better condition today than they have been at any time during the past ten years.

The program which was inaugurated in 1922 is being carried forward, and the improvements that we have made are unquestionably proving their worth.

In 1922, the necessity for these improvements was apparent to the Directors of your Company, and you authorized a Bond Issue of $5,000,000.00 at that time. Since then, we have expended $3,630,776.46 for permanent improvements, and have issued a total of $2,500,000.00 of the Bonds. This means that we have taken $1,130,776.40 from the current funds of the business, for improvements.

As the statement shows, the amount of Bonds Outstanding December 31, 1929, is $2,028,200.00. It will be noted that we have retired Bonds in the amount of $471,800.00, which added to the amount taken from current funds for improvements, makes a total of $1,602,576.46 that has been provided for by money taken out of the earnings of the business.

These improvements have all been approved by our Consulting Engineers, and unanimously authorized by our Board of Directors. They have been explained at previous stockholders' meetings, at some length, and consequently it seems unnecessary to review them at this time.

We wish to repeat, however, that these improvements have proven their worth; and we are convinced that, without them, the Company would have shown substantial losses instead of earnings during the past two years.

We believe that your Directors have acted wisely and in your best interests, when they authorized these improvements, and that they are following the proper course in adhering to the policy of continuing to make these improvements as rapidly as feasible.

If, in 1922, we had failed to adopt the improvement program and had continued to pay dividends from our surplus, we would have, within a few years, found ourselves in possession of an obsolete plant, with a poor earning record, and a financial statement that would have made financing for improvements either very difficult or altogether impossible.

Today we have, instead of that kind of a situation, a very much improved plant that is capable of earning, even under the difficult market conditions that have existed during the past two years.

It has taken a great deal of planning to spend $3,630,776.46 for improvements, without interrupting the plant to an extent that would result in losses.

In a way, it was unfortunate that this Company was able to make profits with antiquated equipment for several years prior to and during the war, because it delayed the making of some of the improvements that could have been made at that time for about one half of the present cost.

If the paper industry had continued on the basis of the years 1923, 1924, 1925, and 1926, we could have continued with the improvements and the dividends also, but unfortunately such was not the case and, in consequence, it was more necessary than ever to continue in our efforts to improve the plant for the purpose of reducing costs.

Your Board of Directors had no alternative in choosing between a course that would temporarily interrupt the payment of dividends against one that made the possibility of any earnings in the future remote or impossible.

Your plant is rapidly reaching a point of efficiency where it will compare favorably with those of its best competitors, and, as they are making a reasonable return on their invested capital at the present time, there is no reason why we cannot soon accomplish the same result.

It is reasonable to assume that the time expended in planning and making improvements has detracted, to some extent, from the main purpose of making and selling paper, which means that we have not had the full effect of the benefits, which from now on will be derived, from these improvements.

We wish also to call your attention to the fact that we have not devoted our thought entirely to the improvement of our plant. We have systematized our Departments, to give us better control, and we have added Departments, which have saved us money.

In adding such Departments, our policy is to investigate the possibilities most carefully, before they are recommended to the Board; and nothing is adopted unless its value has been proven in companies of other industries, whose success is outstanding. I refer particularly to the Bonus Wage System, and the new, modern, Cost System, which we are just completing.

The advantages of this new Cost System are already apparent, as it gives us valuable information that we were unable to obtain from our previous cost figures.

Your Officers and Directors are familiar with what is necessary to produce the best possible results in the conduct of this business, and they have very definite plans for accomplishing the things which will hasten the return of better earnings and, consequently, the payment of dividends.

This brings us to the year 1929. We entered the year with very little business on hand. It had dropped off very sharply in December. At the time, we attributed this to seasonal dullness, but the lack of orders continued, and it was impossible for us to secure enough business to operate our plant. This was a matter of serious concern, and we had many conferences with our Sales Agents, on the subject. These resulted in the acquisition of Mr. F. M. Stephens, whom we had been trying to get for some time; and we are asking you to amend the By-Laws at the Annual Meeting, so that we may elect him to the office of Second Vice-President of this Company.

Mr. Stephens is very well known and well thought of in the paper trade and, in our opinion, is better qualified to act as Manager of Sales than any other man in the industry.

The conferences referred to also brought to light the changes in the printing industry, and the demand for certain classes of paper that we had not attempted to make or sell because our equipment was not right for the purpose.

It was, therefore, decided to take the next step in our improvement program, which includes the rebuilding of our No. 10 Machine to an extent that will make it thoroughly modern, and more than double its capacity. This will enable us to make all kinds of light weight paper in our class, at a cost that will permit us to secure business, that up to the present time we have been unable to obtain.

It was also determined that the use of other grades of paper was lessening the demand for the grades that we have been making and that, consequently, it would be much easier to sell the output of our plant, if we were equipped to meet all the demands of the market.

In consequence, we are building a modern Finishing Room, 280 feet long and 66 feet wide, equipped with the necessary machinery for the purpose.

These two items of construction will call for the expenditure of approximately $750,000.00.

When your Directors considered the question of financing for these funds, it was found that the bond market was exceptionally low, and that the cost of providing funds in this manner would be prohibitive. We have, therefore, arranged for credit with our bankers in the amount of $500,000.00, for this purpose. The balance will be provided from the current funds of the business over the next two years. This arrangement was made with the understanding that permanent financing will replace it, when conditions in the security market become more favorable. Although we have spent in excess of $100,000.00 on this work to date, we have not as yet found it necessary to use our banking facilities.

In considering the profits of the business during the year 1929, it is interesting to note the figures for the various quarters. This shows a decided trend toward improvement, and it also shows us what happens when the plant is unable to operate at somewhere near its full capacity, as indicated by the figures for the first quarter. The improvement in subsequent quarters is due to better sales, fuller operation, and a reduction in the cost of materials due to more favorable arrangements for our pulp supply, and a somewhat lower price for paper stock.

We are also feeling the effect of entering into the manufacture of other grades of paper, some of which we are able to make on our present equipment. With our new equipment, this same paper will be produced at a considerably lower cost.

In spite of the fact that the Internal Revenue Officials informed us that our Federal Tax Liability was settled on Feb. 2, 1929, they re-opened the case shortly thereafter, and it has been under discussion ever since. We are informed, however, by our Tax Counsel, that we may expect final and definite figures any day, and that the amount will not exceed the reserve that we have set up for the purpose.

You will note that the Book Value of the Common Stock as of December 31, 1929 is $12.33 as against $11.53 on December 31, 1928.

It is difficult to answer all the questions that may arise in a stockholder's mind in a printed report, but we urge that you avail yourselves of the opportunity of asking any further questions. The Officers of your Company will be very glad to answer such questions at the office any time you wish to call, or at the Annual Meeting.

In spite of the general uncertainty in business in general, due to the collapse of the stock market, we are making extraordinary efforts to secure enough business to keep the plant in full operation, and, so far, we have succeeded, in most departments. It is our opinion that we are in a much stronger position to meet this sales problem now than we were at the beginning of 1929.

It is generally believed that the latter part of 1930 will be quite active, and that the whole year will be better for us than 1929.

It is a pleasure to bring to your attention the exceptional effort that the entire personnel of our organization has made to assist the management in accomplishing its aims.

What we have succeeded in doing, has been made possible through the hearty co-operation of our associates, and we take this opportunity of expressing our appreciation of their efforts.

Yours very truly,

FELIX PAGENSTECHER,
President.

Kalamazoo, Mich., January 25, 1930.

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BRYANT PAPER COMPANY

KALAMAZOO - MICHIGAN

CONDENSED STATEMENT

DECEMBER 31, 1930

ASSETS

Cash on hand and on deposit	$ 79,935.93		
Notes and Accounts Receivable less allowance for doubtful accounts, discount, etc.	733,424.99		
Inventories	875,381.02		
Total Current Assets		$1,688,741.94	
Capital Stock of other corporations	1,260,500.00		
Advances	312,500.00		
Land Contracts Receivable	9,378.63		
Real Estate not used in operations	23,319.65		
Miscellaneous Accounts and Notes Receivable less allowance for doubtful	65,414.57		
Cash surrender value of Life Insurance	34,799.00		
Total Other Assets		1,705,911.85	
Land, Wells, Land Improvements	168,081.30		
Plant Account, after depreciation	5,215,028.20		
Total Permanent Assets		5,383,109.50	
Deferred Assets: Bond Discount, Prepaid Insurance and Expense		101,582.75	
Total Assets			$8,879,346.04

LIABILITIES

Notes Payable	$ 422,280.29		
Accounts Payable and accrued expense	259,261.71		
Current Liabilities		$ 681,542.00	
Bonded Indebtedness		1,912,200.00	
Reserve for Preferred Dividend		2,100.00	
Capital Stock—			
Preferred	300,000.00		
Common	5,000,000.00		
		5,300,000.00	
Surplus		983,504.04	
			$8,879,346.04

Sales to Customers, net	$5,233,049.90		
Cost of Sales	4,655,272.11		
Gross Manufacturing Profit	577,777.79		
Expenses, Sales, General Office and Administration	180,922.39		
Gross Operating Profit		$396,855.40	
Depreciation	$ 247,685.88		
Taxes	142,753.60	390,439.48	
Net Operating Profit		$ 6,415.92	
Other Deductions—Interest, Discount, etc.	$ 159,550.00		
Other Income	31,147.89	128,402.11	
Loss for year		$121,986.19	
Additional Provision for Doubtful		32,270.15	
		$154,256.34	

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It is easy to understand the disappointment and doubt that our returns for the year 1930 may develop in the minds of those stockholders who are not familiar with the intimate details concerning the operations of the Company.

It is thought best, therefore, to make some explanation with the hope that it will give you a more thorough knowledge on which to base your conclusions.

The earnings for 1930 fell off for two very definite reasons:

(1) 1930 was the worst year for general business that most of us have ever experienced;

(2) Our sales policy, which had been in force for over twenty-five years was not suited to the times, and failed to function.

I need not go into the first reason. Everyone is familiar with this fact, especially those who have actually been in direct contact with business.

Notwithstanding this, had we been able to secure enough business to run our plant to somewhere near its normal capacity, or had we been able to secure our legitimate share of the available business, the year 1930 would have shown a fair profit, even with the existing conditions.

Had our production been normal, the Company would have effected a saving of approximately $250,000.00 in fixed charges. These fixed charges include depreciation, taxes, insurance and other expenses that do not vary with production. They are the same whether the plant is operated at a minimum or full capacity.

Also, increased production tends to reduce the cost per ton of such other expenses as fluctuate with production. This saving is hard to estimate but, judging from past experience of the Company, it would be at least $1.00 per ton, or an additional $60,000.00.

In other words, had our production been normal, selling price and cost of materials the same as on the tonnage we actually produced, our earnings would have been over $300,000 better than they were. In addition, it should be borne in mind that our sales fell off early in the year, when the possibility of earnings was greater than in later months, or now,—due to the downward trend of the market.

Ordinarily, these are matters that we would not mention, but I am endeavoring to give the stockholders a true picture of why the Company showed a deficit in the year 1930 instead of at least a fair profit, and what efforts have been made to correct this weakness.

Without reservation, I may say that the quality of our product is better than it has ever been in the history of the Company and compares very favorably with that of our competitors. The reception that it has had in the trade, since we changed our sales policy is conclusive proof. Furthermore, the accounts which we have had direct have stayed with us year after year. This is shown by our records. The tonnage received from our distributors in certain cities increased over 60% in three years. Had our product not compared favorably with our competitors, such increases would have been impossible.

In my report for 1929, a copy of which is enclosed, I mentioned the fact that our lack of orders had been giving us serious concern for sometime, and that efforts were being made to correct this situation. During the latter part of 1929, there was a temporary improvement in this condition and, as a consequence, earnings improved proportionately. We entered the year 1930 with every reason to assume that orders would continue to improve, so that we could operate our equipment to somewhere near its capacity. During the first two months of the year, the volume was fairly satisfactory and, as a consequence, we showed profits of approximately $22,500.00 per month. However, we did not run full even in those months. Had we done so, the profits would have been materially increased during that period.

Early in March, orders declined very sharply and we were convinced that our sales arrangement could not work and something must be done.

We, immediately, after proper deliberation and conferences with our Board, took steps to make a change. The change was accomplished in October, and we severed our connection with the Seaman Paper Company at that time.

There are very good reasons why this change could not be made sooner, that are known to your directors and officers.

That the changing of a sales arrangement involving the disposition of 80,000 tons of paper during a period of depression is a very considerable risk, must be apparent to everyone.

In spite of this risk, the Board unanimously decided, after conferring with all parties interested, that the success of the Company could not be otherwise assured.

This involved the organization of a sales force, the opening of offices in New York, Chicago, and Buffalo, and all of the work incidental to equipping these offices with necessary samples and sales information.

Contracts for paper are often let at the end of the year, consequently, it was a task on our organization to make all of these arrangements and cover the trade properly, with very little time left in the year to work on them.

It is very gratifying to all of us directly connected with the business that the sales force has been more successful than any of us dared to hope.

Orders received by Bryant for the four weeks ending January 17th, 1931, latest figures available, are approximately 6% higher than the average of other mills, as shown by American Paper and Pulp Association reports. During the same period last year, our tonnage booked was 5% below the average.

COMPARISON OF UNFILLED ORDERS ON HAND:

October 3, 1930 (Date when Sales Policy Changed)		January 26, 1931	
Uncoated	314 Tons	Uncoated	1,171 Tons
Coated	296 Tons	Coated	438 Tons
Total	610 Tons	Total	1,609 Tons

Never, since the change was made, have we had less tonnage ahead of our Paper Machines than we did on October 3rd. The Coated tonnage did fall off, somewhat, but has improved now.

As a consequence of this improvment, we started up our No. 4 Machine on January 22nd. This machine had been down for seven months.

In organizing our sales force, we acquired, Mr. E. C. Woodruff of New York, in an Executive capacity, and with the understanding that he was to be supported as a director, and elected as a Vice-President, if he became a member of the Board. For this purpose, we are asking the Stockholders to amend the By-Laws at the Annual Meeting.

To Mr. Stephens and Mr. Woodruff, we attribute the important part of our success in sales, under the new policy.

In February, we acquired the services of Mr. W. B. Clements, who had been with the Fitchburg Paper Company for some years. He now occupies the position of General Superintendent, and has been largely instrumental in the improvement of our product.

The financial statement shows the condition of the Company, as verified by our Auditors' report.

It is interesting to note that the inventory is reduced approximately $300,000.00 as compared with a year ago; also that **the** amount of the **inventory is greater than all indebtedness except bonds.**

The Nashwaak Pulp and Paper Company investment was made in 1916, under previous management. This included a contract for pulp which was favorable for several years, and unfavorable in later years. Almost immediately after the purchase of this property, the Nashwaak Company suffered a serious loss through Bud-worm. This pest was active in a large part of Eastern Canada.

The mill, however, was improved, and operated successfully until the advent of Pacific Coast Mills into the market with prices that our pulp mill had no chance of meeting. It was therefore shut down in November, 1930, and is in the process of liquidation. It appears that, when it is liquidated, we will be half owners of 360,000 acres of timberland, one third of which is Crown Land and two-thirds Fee Land. This timber, according to a survey we have on file, will be worth $6,500,000 in 1947. If it can be held and disposed of at half that amount, it will cover our investment.

Improvements completed during 1930 amounted to $797,000.00, the principal items being:

Bryant Finishing Room and Calenders	$316,000.00
No. 10 Machine and Auxiliaries	368,000.00
No. 8 Machine	18,000.00
New Well	14,000.00
Roll Grinders—Electrical Transformers	26,000.00
Miscellaneous Improvements—all divisions	55,000.00

All work in connection with these jobs was accomlished promptly and with very satisfatcory results, except the drives on the calenders, which are being changed now by the Westinghouse Company, at no expense to us, so that the calenders will give the maximum benefits that may be expected.

The major part of these improvements were made on the assurance of our sales agents, that they would supply orders for their full operation on completion. Our earnings for 1930 would have been much better, if such had been the case. Our own sales organization is doing all that it can to supply this deficiency.

No. 10 Machine is operating well, and can produce the amount of paper we predicted, when it is supplied with the type of orders suited to its speed.

During the year 1930, unusual expenses were charged against operations including inventory losses and write-downs, Legal and Professional expenses, unusual repairs, interest on notes payable, and provision for doubtful accounts, totaling $153,088.03.

The first two items are adjustments to inventory due to decline in prices on raw and finished materials.

The second item includes fees and expenses in connection with our Federal Tax Case, which was settled last year, which liability was incurred in the years 1917 to 1920.

The third item is for necessary replacements and repairs that do not frequently occur.

The fourth item covers, largely, interest on the money borrowed to pay the Federal Tax item, and expenses in connection therewith.

The provision for doubtful accounts is largely to cover the Story Parchment Company account. We have an equity in this proposition which may wipe out all or part of the amount charged off.

The selling price of paper declined more than $5.00 a ton on the plain paper, and approximately twice that amount on coated.

Early in the year, in consideration of the falling off of our business and the indication that the general business depression would continue, we scrutinized every item of expense and the cost and value of each Department. Salaries were reduced and our forces were cut to a minimum wherever it could be done without disadvantage to the Company. It is our aim to keep expenses down, and that matter is having constant attention.

The state of business since the beginning of the depression has been such that definite forecasts are not much better than a guess.

A number of authorities seem to think that the bottom has been reached and that we are approaching a gradual improvement.

Definite signs are lacking, however, to encourage the belief that substantial improvement can be expected soon.

The most hopeful outlook surrounding our own Company is that we have eliminated most of the obstacles that have impeded more rapid progress.

We are in control of our own sales now and are taking advantage of all of the benefits that may be derived from direct contact with our customers. We have a definite selling policy, and our constant endeavor will be toward the building up of the most desirable types of business and the promotion of the grades of paper that show the most profit.

The Bryant Paper Company has an established reputation in the industry, and its personnel is composed of men who are interested in and capable of protecting and enhancing that standing.

Our recent change in sales policy has emphasized this loyalty in a most gratifying manner. The added burdens have been shouldered with enthusiasm and the whole force is giving all that is in it to hasten the Company toward satisfactory earnings.

It is, therefore, apparent that the Bryant Paper Company is experiencing the most critical period in its history, and your Directors believe that it is extremely essential for the present that the existing administration be continued and receive the wholehearted and unanimous support and encouragement of all of the Stockholders. With this co-operation and support we believe that the coming year will justify such action and that we can look forward to the future with utmost confidence.

If you are unable to be present at the annual meeting, the Board of Directors unanimously request you to sign and execute the inclosed Proxy and mail it to the Secretary at your earliest convenience.

Yours very truly,

(Signed) FELIX PAGENSTECHER, President.

GLENN S. ALLEN	R. L. GILKEY
V. T. BARKER	W. J. LAWRENCE
E. L. BROOKS	F. E. McALLISTER
JOS. E. BROWN	W. B. MILHAM
CHARLES CLARAGE	F. M. STEPHENS
C. A. FOX	

Directors.

January 31, 1931

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BRYANT PAPER COMPANY

KALAMAZOO - MICHIGAN

January 30, 1932

TO THE STOCKHOLDERS OF THE
BRYANT PAPER COMPANY:

Herewith you will find balance sheet of your Company of December 31, 1931, as prepared by the auditors of your Company, Messrs. Ernst & Ernst.

As you know, the past year has been a very trying one from every point of view and the operating results of your Company have been extremely disappointing. Your Board of Directors took every possible step to minimize losses during the past year and, through reorganization and reduction of expenses, has placed your Company in a position to take full advantage of any improvement in the paper business.

Given a sufficient volume of business, and every effort is being made to attain this, you may expect your Company to show normal operating profits in the future.

Respectfully submitted,

W. B. MILHAM,

President.

CONDENSED STATEMENT
DECEMBER 31, 1931

ASSETS

Cash on hand and on deposit	$ 48,809.93		
Notes and Accounts Receivable, less reserve for doubtful accounts, etc.	519,549.99		
Cash Surrender Value Life Insurance	42,014.00		
Inventories	760,438.56		
Total Current Assets		$1,370,812.48	
Capital Stock of other Corporations	$1,260,500.00		
Advances	312,500.00		
Real Estate not used in operations	12,834.65		
Land Contracts, Miscellaneous Notes and Accounts Receivable	29,951.89		
Bryant Paper Company Bonds at cost	11,315.00		
Total Other Assets		1,627,101.54	
Land, Wells, Land Improvements, Buildings, Machinery and Equipment after Depreciation		5,274,517.39	
Deferred Assets: Bond Discount, Prepaid Insurance and Expenses		92,755.92	
			$8,365,187.33

LIABILITIES

Notes Payable	$ 70,995.80		
Accounts Payable and Accrued Expense	401,545.06		
Total Current Liabilities		$ 472,540.86	
Bonded Indebtedness		1,763,200.00	
Reserve for Contingencies		11,100.00	
Capital Stock—			
Preferred	$ 300,000.00		
Common	5,000,000.00	5,300,000.00	
Surplus		818,346.47	
			$8,365,187.33

Ratio of Current Assets to Current Liabilities 3 : 1

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BRYANT PAPER COMPANY

KALAMAZOO - MICHIGAN

February 11, 1933.

TO THE STOCKHOLDERS OF THE
BRYANT PAPER COMPANY:

Herewith you will find balance sheet of your Company of December 31, 1932, as prepared by the auditors of your Company, Messrs. Ernst & Ernst.

Respectfully submitted,

W. B. MILHAM,

President.

CONDENSED STATEMENT
DECEMBER, 31, 1932

ASSETS

Cash on hand and on deposit		$ 35,027.17	
Notes and Accounts Receivable, less reserve for doubtful accounts, etc.		358,434.03	
Inventories		397,172.77	
Total Current Assets			$ 790,633.97
Capital Stock of other Corporations	$1,260,500.00		
Advances		282,964.75	
Real Estate not used in operations		12,834.65	
Land Contracts, Miscellaneous Notes and Accounts Receivable		4,519.93	
Sinking Fund Deposit		30,420.74	
Total Other Assets			1,591,240.07
Land, Wells, Land Improvements, Buildings, Machinery and Equipment after Depreciation			2,904,993.65
Deferred Assets: Bond Discount, Prepaid Insurance and Expenses			77,160.59
			$5,364,028.28

LIABILITIES

Notes Payable, Banks and Trade		$ 116,134.00	
Accounts Payable and Accrued Expense		222,617.28	
Total Current Liabilities			$ 338,751.28
Bonded Indebtedness			1,619,700.00
Reserve for Contingencies			783,000.00
Capital Stock—			
Preferred	$ 300,000.00		
Common	500,000.00		800,000.00
Surplus			1,822,577.00
			$5,364,028.28

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BRYANT PAPER COMPANY

KALAMAZOO - MICHIGAN

February 7, 1934

TO THE STOCKHOLDERS OF THE
BRYANT PAPER COMPANY:

Herewith you will find balance sheet of your Company of December 31, 1933, as prepared by the auditors of your Company, Messrs. Ernst & Ernst.

Respectfully submitted,
W. B. MILHAM,
President.

CONDENSED STATEMENT
DECEMBER 31, 1933

ASSETS

Cash on hand and on deposit	$ 20,895.67		
Notes and Accounts Receivable, less reserve for doubtful accounts, etc.	136,269.63		
Inventories, at the lower of Cost or Market	404,096.20		
Total Current Assets		$ 561,261.50	
Capital Stock of other Corporations	$1,260,500.00		
Advances to Nashwaak Pulp & Paper Co., Ltd.	272,500.00		
Real Estate not used in operations	12,834.65		
Deposits with closed banks, less allowance	9,663.48		
Land Contracts and Miscellaneous Receivables	9,257.67		
Sinking Fund Deposits for Series "A" Bonds	2,566.98		
Total Other Assets		1,567,322.78	
Land and Improvements, Wells, Buildings, Machinery and Equipment		6,334,726.84	
Deferred Assets and Prepayments		68,076.41	
			$8,531,387.53

LIABILITIES

Accounts Payable	$ 161,879.81		
Accrued Payrolls, Taxes and Interest	86,718.04		
Total Current Liabilities		$ 248,597.85	
Bonded Indebtedness		1,560,200.00	
Reserve for Contingencies, Depreciation and Obsolescence		4,217,024.91	
Capital Stock—			
Preferred—Authorized and Issued 30,000 shares	$ 300,000.00		
Common — Authorized 600,000 shares			
Less Unissued 100,000 shares			
500,000 shares	500,000.00	800,000.00	
Surplus		1,705,564.77	
			$8,531,387.53

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BRYANT PAPER COMPANY

KALAMAZOO - MICHIGAN

February 1, 1935

TO THE STOCKHOLDERS OF THE
BRYANT PAPER COMPANY:

Below you will find balance sheet as of December 31, 1934, as shown on the books of your Company after audit by Messrs. Ernst & Ernst.

Respectfully submitted,
W. B. MILHAM,
President.

CONDENSED STATEMENT

ASSETS

Cash on hand and on deposit			$ 64,833.41	
Notes and Accounts Receivable	$301,734.18			
Less allowance for doubtful accounts, cores, discounts, etc.	36,189.57		265,544.61	
Inventories, at the lower of Cost or Market			453,312.43	
Total Current Assets				$ 783,690.45
Capital Stock of other Corporations		$1,293,500.00		
Advances to Nashwaak Pulp & Paper Co., Ltd.		247,500.00		
Real Estate not used in operations		12,834.65		
Land Contracts Receivable		3,017.91		
Miscellaneous Notes and Accounts, less allowance		4,320.64		
Total Other Assets				1,561,173.20
Land and Improvements, Wells, Buildings, Machinery and Equipment				6,364,955.20
Deferred Assets and Prepayments				63,017.25
				$8,772,836.10

LIABILITIES

Accounts Payable	$ 167,411.46		
Accrued Payrolls, Taxes and Interest	80,090.95		
Total Current Liabilities		$ 247,502.41	
*R. F. C. Loan through Industrial Recovery Loan Company		200,000.00	
Bonded Indebtedness—			
Series "A", due November 1, 1942	764,000.00		
Series "B", due January 1, 1948	745,200.00	1,509,200.00	
Reserve for Contingencies, Depreciation and Obsolescence		4,309,084.14	
Capital Stock—			
Preferred—Authorized and Issued 30,000 shares	$ 300,000.00		
Common—Authorized 600,000 shares			
Less Unissued 100,000 shares			
500,000 shares	500,000.00	800,000.00	
Surplus		1,707,049.55	
			$8,772,836.10

*Secured by part of our Current Assets and payable over a period of five years from June 18, 1934.

Unpaid cumulative dividends on preferred stock, amounting to $65,100.00 at December 31, 1934, are provided for in the Reserve for Contingencies in accordance with established policy.

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BRYANT PAPER COMPANY

KALAMAZOO - MICHIGAN

February 1, 1936

TO THE STOCKHOLDERS OF THE
BRYANT PAPER COMPANY:

Below you will find statement as of December 31, 1935, as prepared by the Company after audit of the books by Messrs. Ernst & Ernst.

Respectfully submitted,
W. B. MILHAM,
President.

CONDENSED STATEMENT

ASSETS

Cash on hand and on deposit		$ 64,414.42		
Notes and Accounts Receivable	$ 388,998.50			
Less allowance for doubtful accounts, cores, discount, etc.	31,236.18	357,762.32		
Inventories, at the lower of cost or market		486,308.38		
Total Current Assets			$ 908,485.12	
Capital Stock in other Corporations not consolidated	$1,293,500.00			
Less allowance for possible loss	675,000.00	$ 618,500.00		
Advances to Nashwaak Pulp & Paper Co., Ltd.		222,500.00		
Real Estate not used in operations		12,834.65		
Land Contracts Receivable		2,682.36		
Miscellaneous Notes and Accounts, less allowance		2,556.78		
Total Other Assets			859,073.79	
Land and Improvements, Wells, Buildings, Machinery and Equipment, Net			2,777,457.04	
Deferred Assets and Prepayments			64,256.47	
				$4,609,272.42

LIABILITIES

Accounts Payable		$ 158,873.06		
Accrued Payrolls, Taxes and Interest		81,055.16		
*R.F.C. Loan through Industrial Recovery Loan Co., due 1936		35,000.00		
Total Current Liabilities			$ 274,928.22	
*R.F.C. Loan through Industrial Recovery Loan Co., due serially to June 18, 1939		$ 175,000.00		
Less instalment, due June 18, 1936		35,000.00	140,000.00	
Bonded Indebtedness				
Series "A," due November 1, 1942		$ 752,000.00		
Series "B," due January 1, 1948		726,100.00	1,478,100.00	
Reserves				
For unpaid cumulative dividends on Preferred Stock		$ 83,100.00		
For Contingencies		94,101.29	177,201.29	
Capital Stock and Surplus				
Preferred Stock				
6% cumulative—Authorized 190,000 shares of $10.00 par value	$1,900,000.00			
Less Unissued	1,600,000.00	$ 300,000.00		
Common Stock				
Authorized 600,000 shares of $1.00 par value	$ 600,000.00			
Less Unissued	$100,000.00			
Treasury Stock 3251 shares	3,251.00	103,251.00	496,749.00	
		$ 796,749.00		
Surplus—of which $3,251.00 is restricted by reason of purchase of Common Stock		$1,742,293.91		
			2,539,042.91	
				$4,609,272.42

*Secured by part of our Current Assets.

Contingent Liability

As endorser of customer's trade acceptance discounted in the amount of $19,867.28, which has since been paid.

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BRYANT PAPER COMPANY

KALAMAZOO - MICHIGAN

January 23, 1937

TO THE STOCKHOLDERS OF THE
BRYANT PAPER COMPANY:

Below you will find statement as of December 31, 1936, as prepared by the Company after audit of the books by Messrs. Ernst & Ernst.

Respectfully submitted,
W. B. MILHAM,
President.

CONDENSED STATEMENT

ASSETS				
Cash on hand and on deposit			$ 94,743.65	
Notes and Accounts Receivable	$ 498,290.32			
Less allowance for doubtful accounts, cores, discounts, etc.	32,645.52		465,644.80	
Inventories, at the lower of cost or market			769,906.85	
Total Current Assets				$1,330,295.30
Capital Stock in other Corporations not consolidated	$1,273,500.00			
Less allowance for possible loss	675,000.00		$ 598,500.00	
Advances to Nashwaak Pulp & Paper Co., Ltd.			147,515.62	
Real Estate not used in operations			12,834.65	
Land Contracts Receivable			2,519.22	
Miscellaneous Notes and Accounts, less allowance			2,051.98	
Total Other Assets				763,421.47
Property, Plant and Equipment, Net				2,654,149.21
Deferred Assets and Prepayments				52,840.26
				$4,800,706.24
LIABILITIES				
Accounts Payable			$ 251,076.66	
Accrued Payrolls, Taxes and Interest			80,839.23	
*R. F. C. Loan, due October 15, 1937			50,000.00	
Total Current Liabilities				$ 381,915.89
*R. F. C. Loan, due serially to October 15, 1939				88,561.86
Bonded Indebtedness				
Series "A," due November 1, 1942			$ 748,000.00	
Series "B," due January 1, 1948			730,100.00	1,478,100.00
Reserves				
For unpaid cumulative dividends on Preferred Stock			$ 101,100.00	
For Contingencies			71,900.00	173,000.00
Capital Stock and Surplus				
Preferred Stock				
6% cumulative—Authorized 190,000 shares of $10.00 par value	$1,900,000.00			
Less Unissued	1,600,000.00		$ 300,000.00	
Common Stock				
Authorized 600,000 shares of $1.00 par value	$ 600,000.00			
Less Unissued $100,000.00				
Treasury Stock 2251 shares 2,251.00		102,251.00	497,749.00	
			$ 797,749.00	
Surplus—of which $2,251.00 is restricted by reason of purchase of Common Stock			$1,881,379.49	
				2,679,128.49
				$4,800,706.24

*Secured by part of our Current Assets.

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BRYANT PAPER COMPANY

KALAMAZOO - MICHIGAN

January 21, 1938

TO THE STOCKHOLDERS OF THE
BRYANT PAPER COMPANY:

Below you will find statement as of December 31, 1937, as prepared by the Company after audit of the books by Messrs. Ernst & Ernst.

Respectfully submitted,
W. T. SCHMITT,
President.

CONDENSED STATEMENT

ASSETS

Cash on hand and on deposit		$ 130,675.25	
Notes and Accounts Receivable	$ 337,101.76		
Less Reserve	21,944.97	315,156.79	
Inventories at the lower of cost or market		1,072,565.60	
Total Current Assets			$1,518,397.64
Capital Stock in other Corporations not consolidated	1,273,500.00		
Less allowance for possible loss	675,000.00	598,500.00	
Advances to Nashwaak Pulp & Paper Co., Ltd.		122,531.24	
Real Estate not used in operations		12,834.65	
Land Contracts Receivable		2,198.24	
Miscellaneous Notes and Accounts less Reserve		4,048.42	
Total Other Assets			740,112.55
Property, Plant and Equipment, Net			2,575,528.68
Deferred Charges and Prepayments			47,165.61
			$4,881,204.48

LIABILITIES

Accounts Payable		$ 75,454.31	
Accrued Payrolls and Interest		28,568.09	
Taxes: Federal, State and Local		85,388.59	
*R. F. C. Loan, due October 15, 1938		50,000.00	
Total Current Liabilities			$ 239,410.99
*R. F. C. Loan, due October 15, 1939			38,406.03
First Mortgage Bonds			
Series "A," due November 1, 1942	$ 783,000.00		
Less in Treasury	51,000.00	732,000.00	
Series "B," due January 1, 1948	797,200.00		
Less in Treasury	70,100.00	727,100.00	1,459,100.00
Reserves			
For unpaid cumulative dividends on Preferred Stock		119,100.00	
For Contingencies		71,900.00	191,000.00
Capital Stock and Surplus			
Preferred: 6% cumulative, par value $10.00 per share			
Authorized 190,000 shares, issued 30,000 shares		300,000.00	
Common: par value $1.00 per share			
Authorized 600,000 shares, issued 500,000 shares	500,000.00		
Less Treasury Stock 2,251 shares	2,251.00	497,749.00	
		797,749.00	
Surplus—of which $2,251.00 is restricted by reason of purchase of Common Stock		2,155,538.46	2,953,287.46
			$4,881,204.48

*Secured by part of our Current Assets

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